

Article - Local Government

[\[Previous\]](#)[\[Next\]](#)

§19–207.

(a) This section applies only to the following governmental entities:

- (1) a county;
- (2) a municipality;
- (3) a public corporation of the State;
- (4) a sanitary commission or district, but not including the Washington Suburban Sanitary Commission; and
- (5) a unit, public corporation, or other instrumentality of a county or municipality.

(b) (1) Subject to the limitations in this section, a governmental entity authorized to issue bonds may issue new bonds to refund its outstanding bonds.

(2) A single county, bicounty, or multicounty agency or instrumentality may not issue refunding bonds without the prior approval of the governing body of each county involved.

(c) (1) The power to issue bonds under this section is in addition to any other power to borrow.

(2) If bonds to be refunded are secured as unconditional general obligations with a pledge of the full faith and credit and unlimited taxing power of the governmental entity, the governmental entity may secure an issue of refunding bonds as unconditional general obligations with a pledge of the full faith and credit and unlimited taxing power of the governmental entity in the same manner and, with respect to the application of any public general and public local law and otherwise, with the same force and effect as the original pledge.

(d) A governmental entity may issue bonds under this section only for the public purpose of:

- (1) realizing for the governmental entity a savings in the total cost of debt service on a direct comparison or present value basis;

- (2) debt restructuring that reduces the total cost of debt service; or
- (3) debt restructuring that the governmental entity determines:
 - (i) is in its best interests;
 - (ii) is consistent with its long-term financial plan; and
 - (iii) realizes a financial objective of the governmental entity, including improvement of the relationship of debt service to any source of payment such as taxes, assessments, or other charges.

(e) A governmental entity may:

- (1) provide that bonds under this section be in one or more series;
- and
- (2) vary the amount of the series.

(f) (1) The total principal amount of the bonds issued under this section may exceed the total principal amount of the bonds that are being refunded.

(2) To determine whether the bonds under this section are within any limit on debt that applies to the governmental entity:

- (i) the amount of the bonds that are being refunded shall be subtracted from its total outstanding debt; and
- (ii) the amount of the bonds issued under this section shall be added to the difference.

(g) (1) Except as provided in paragraphs (2) and (3) of this subsection, a governmental entity shall issue bonds under this section in accordance with the procedures that applied to issuance of the bonds that are being refunded.

(2) If, at a public meeting, the governmental entity determines that it would be in the public interest, the governmental entity may sell bonds issued under this section at a private sale, without soliciting bids.

(3) Baltimore City may issue bonds to the extent authorized by the Maryland Constitution, to refund obligations previously issued in accordance with the procedures set forth in Article XI, § 7 of the Maryland Constitution without repeating or further complying with those procedures in the issuance of the refunding bonds.

(h) Bonds that are being refunded and that are subject to redemption before their stated dates of maturity may be called for redemption:

- (1) on the earliest redemption date; or
- (2) at a later date that the governmental entity determines.

(i) (1) A governmental entity shall invest and apply proceeds of a sale of bonds issued under this section to ensure that the principal and redemption premium of, and interest on, the bonds that are being refunded will be paid in full when due.

(2) The governmental entity may deposit any part of the proceeds of the sale of bonds issued under this section in a trust fund with a trust company or other banking institution, in the name of the governmental entity.

(3) The trustee may invest and reinvest money in the trust fund in:

- (i) obligations of the United States;
- (ii) obligations guaranteed by the United States;
- (iii) certificates of deposit or time deposits secured by an obligation of the United States; or
- (iv) certificates of deposit or time deposits secured by an obligation guaranteed by the United States.

(4) Interest, income, and profits on the investment may be:

- (i) considered to be revenue of a revenue project; and
- (ii) applied in any lawful manner, including to the payment of:
 1. the bonds that are being refunded; and
 2. the bonds issued under this section.

(5) The trustee shall make money in the trust fund available, as the governmental entity requires, for the payment of:

- (i) the principal and redemption premium of, and interest on, the bonds that are being refunded;

(ii) the principal and redemption premium of, and interest on, the bonds issued under this section; or

(iii) any other related costs.

(j) All or any part of the bonds issued under this section may be made payable from and secured by:

(1) money in the trust fund; or

(2) other money or security that the governmental entity provides.

[\[Previous\]](#)[\[Next\]](#)